

Operation Midas: the largest corruption scandal within Zelensky's inner circle

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On 10 November, the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialised Anti-Corruption Prosecutor's Office (SAP) announced the uncovering of a corruption scandal in the energy sector. As part of the 15-month-long Operation Midas, more than 70 searches were conducted, with operational measures targeting, among others, President Zelensky's friend and former business partner Timur Mindich, the Justice Minister (and former Energy Minister) Herman Halushchenko, and the headquarters of Energoatom, the state nuclear power plant operator. Seven individuals have been charged and six have been detained.

According to NABU, a criminal group operated within Energoatom, extracting illegal profits from contractors amounting to 10–15% of contract value. This was achieved by threatening to block payments for services rendered or goods delivered, or by removing companies from the list of approved suppliers. At least US\$100 million was embezzled in this way. Mindich, said to have been the organiser of the scheme, fled the country just hours before the searches started. He was allegedly assisted by individuals linked to Halushchenko. The Bureau released audio recordings (part of nearly a thousand hours of material) indicating that former Deputy Prime Minister Oleksiy Chernyshov also profited from the illegal proceeds.

On 11 November, the government dismissed Energoatom's supervisory board and suspended Halushchenko from his duties. The following day, it submitted a request to the National Security and Defence Council (NSDC) to impose sanctions on several individuals, including Mindich. Volodymyr Zelensky expressed support for the anti-corruption agencies, stressed that such practices were unacceptable in the energy sector, and called on the Verkhovna Rada to dismiss both Halushchenko and the Energy Minister, Svitlana Hrynychuk. A vote on the matter is scheduled for 18 November.

The scandal poses a significant reputational problem for the President, who has close personal ties with Mindich. It also undermines Ukraine's credibility in the West and Zelensky's legitimacy at home. Moreover, it marks another episode in the ongoing confrontation – lasting several months – between the Presidential Office and the anti-corruption agencies.

Commentary

- **The charges brought against individuals from Zelensky's inner circle seriously undermine the president's reputation.** Mindich has for years been one of the president's closest associates, having co-owned the Kvartal 95 studio with him. He was also engaged in business with the oligarch Ihor Kolomoyskyi, who played a key role in facilitating Zelensky's victory in the 2019 elections. During the war, Mindich's political and business influence increased significantly, attracting the attention of law enforcement agencies. In August this year, NABU investigated his links to Fire Point, a drone-manufacturing company suspected of inflating prices and rigging tenders for supplying UAVs to the military.
- **The announcement of dismissals within the government will not avert the negative consequences for Zelensky.** For four years, the president tolerated Halushchenko's presence in the cabinet, despite criticism that included lobbying for the purchase of used Russian reactors from Bulgaria and the dismissal of Volodymyr Kudrytskyi from his role as head of Ukrenergo (see '[Kudrytskyi's arrest: an attempt to intimidate representatives of the state apparatus in Ukraine](#)'). His collaboration with Mindich and the head of the Presidential Office, Andriy Yermak, had, until now, rendered him almost untouchable, as evidenced by his appointment as Justice Minister during the most recent cabinet reshuffle. The president's authorised request to impose sanctions on Mindich – approved by the National Security and Defence Council on 13 November, including the freezing of assets – indicates a clear attempt to distance himself from the individuals implicated in the case.
- **NABU has disclosed details from the investigation, aiming to make it more difficult for the Presidential Office to further curtail the independence of the anti-corruption agencies.** Investigations involving Zelensky's close aides, including Mindich and Chernyshov, prompted attempts to weaken NABU's independence in July, triggering a conflict between the anti-corruption agencies and bodies reporting to the president (see '[Rivalry between state services: the fight for control over combating corruption in Ukraine](#)'). One of the detectives involved in Operation Midas was arrested in June this year by the Security Service of Ukraine on allegations of ties to Russia – a move that may indicate an attempt to suppress the investigation.
- **The corruption scandal is likely to expose an expanding network of individuals.** According to media reports, three additional ministers have been recorded. The case is also expected to implicate officials with links to Mindich, such as the current Secretary of the National Security and Defence Council, Rustem Umerov. At the same time, Mindich's escape from the country just hours before the searches commenced suggests that the Presidential Office may still be receiving leaks from within the anti-corruption agencies.
- **The scandal will undermine Zelensky's credibility both in the West and at home.** The president's reputation had already suffered in July (see '[Ukraine: Verkhovna Rada restores independence of anti-corruption bodies](#)'), and the current scandal provides further arguments to opponents of Ukraine's accession to the EU and continued Western support. The revelations have also been received extremely negatively by the public, particularly as they came shortly after severe Russian strikes on Ukraine's energy infrastructure on 8 November. Comparisons are being drawn with state treason, and there is growing public expectation for radical anti-corruption measures to be

implemented. The scandal may also have a demoralising effect on soldiers, which could negatively affect the situation on the front line.